



Expanding The Reach Of Utility Green Pricing Programs

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**Green
Mountain
Energysm**

About Green Mountain Energy Co.

- > Founded in August, 1997.
- > Leading retail provider of cleaner electricity in United States.
- > About 600,000 customers in seven states.
- > Fourteen new wind and solar facilities that represent approximately 200 MW of new wind energy and 500 kW of new solar capacity.

The Myth: If You Build It, They Will Come

- > Over 300 utilities in US have green pricing programs.

BUT... Simply offering green power isn't enough.

- > According to NREL, customer participation in utility green pricing programs is less than 1% in the majority of programs.

Green Power and The Avocado



Building Customer Demand

- > First avocados discovered in the 14th century.

OVER 500 years later...

- > National average consumption is 40% of households.
- > In advertised markets, consumption reaches 85%.
- > 65% now say “good for you” is reason to buy.
- > Purchase frequency, dollar sales and the average retail expenditure all increased over the previous season.

WHY?

- > Positioning (health), messaging, marketing outreach and consumer education.



What Can We Learn From The Avocado?

- > **Shopping for electricity is a new consumer behavior**
 - o Most people outside of industry don't understand it, not unlike the avocado many years ago.
- > **The benefits of green power are not well known**
 - o Avocado growers had to educate people about the benefits of avocados and how they could use them – this is also our challenge with green power
- > **Integrated marketing and sales channels are needed**
 - o No matter how good the product (or how nutritious), it will not sell itself.

So You Want A World-Class Green Power Program?

Unless You Want To Wait 500 Years...

- > Outline what success looks like over the long-term, with clearly defined purpose and goals.
- > Attain company-wide commitment to green power program – including the development of new renewables.
- > Develop or hire a core competency in marketing (strategy and execution).
- > Be prepared to invest capital and to sustain an integrated marketing campaign.
- > Aggressively promote successes internally.



Who's Doing It Right?

> Austin Energy

- Has built more new renewables than any other green pricing program in the country
- Focus on marketing/value add to commercial customers

> Sacramento (SMUD)

- Strong consumer education component
- Integrated marketing produces consistent growth at remarkably low acquisition costs

> Portland General Electric

- Partnered with Green Mountain Energy Co. to launch new products and aggressive marketing plan
- In eighteen months, enrollments grew 400% to 26,000 customers (3.5% penetration rate) and program jumped from 8th to 4th on NREL's rankings



The Myth: If You Build It, They Will Come



The Reality: If You Build It AND EXECUTE, They Will Come

WE SHOULD ALL STRIVE FOR:

- > Minimum of 5% penetration in 3-5 years.
- > 1.5% of system load from new renewables as a result of green program.
- > Over 50% awareness of green power options among consumers.